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**California
Business
Roundtable**



September 15, 2021

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102



RE: Necessary Updates to California's Net Energy Metering Program

Dear Commissioners:

On behalf of a broad coalition of diverse interests representing low- and middle-income families, senior, renewable energy, business, faith-based, environmental, community groups, and utilities, thank you for launching a much-needed comprehensive review of the state's 25-year-old rooftop solar subsidy program, Net Energy Metering (NEM).

Third-party analyses, commissioned by the California Public Utilities Commission (CPUC) and outside parties, along with data and formal testimony submitted by diverse parties over the past several months reinforce the urgency of NEM reform. The record and evidence in the NEM proceeding also make it clear that failure to make meaningful changes will continue to hurt low- and middle-income Californians and jeopardize the state's transition to a clean energy future.

Today, \$3.4 billion in costs are being shifted each year from solar customers (who tend to be higher-income earners) to non-solar customers (many of whom are lower-income renters, seniors on fixed incomes, communities of color and struggling small businesses). This inequity must be addressed.

Currently, non-solar customers are paying about \$245 more per year to subsidize solar households. If nothing changes, by 2030 the cost shift will grow to \$10.7 billion, or more than \$550 per customer each year.

In the 25 years since NEM was launched, the cost of rooftop solar systems has dropped 70%, yet the credits paid to customers with rooftop systems for excess electricity they export to the grid continues to increase. As a result, **the excess power generated by the state's rooftop systems is the most expensive source of clean power in the state; it costs roughly eight times more than solar power from large-scale systems.**

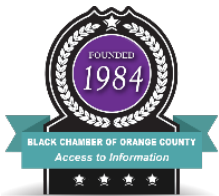


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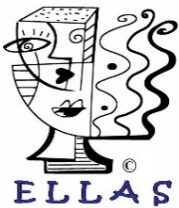


ASIANS IN ENERGY





Black Chamber of
Orange County



Dreamers, Visionaries
and Leaders



San Gabriel Valley Civic Alliance



Under NEM, solar households are paid roughly 25 cents per kilowatt-hour for excess energy produced when the same solar power could be purchased on the wholesale market for roughly 3 cents. This excessive subsidy means rooftop solar customers pay nominal amounts on their electricity bills. As a result, costs that used to be shared more equitably among all electricity customers, like grid maintenance, fire mitigation, low-income customer assistance programs and energy efficiency are being shouldered by a shrinking number of customers without solar systems who are disproportionately lower- and middle-income.

A recent third-party [report](#) commissioned by the CPUC found that if NEM is not reformed, customers installing rooftop solar in 2023 will receive an average of \$1,857¹ in subsidies in just the first year of owning solar panels. That amount will grow to an average of \$2,623² by 2030 if changes aren't made to the existing program. The excessive subsidies result in the average rooftop system in California being paid off in roughly five years, while customers with solar panels continue to receive generous credits for more than a decade longer.

Simply put, this is an equity issue where low-and middle- income Californians, communities of color and small businesses already struggling to make ends meet are paying electricity bill discounts for higher-income Californians.

Failure to make meaningful changes to NEM will jeopardize the state's transition to a clean energy future. Mandating that power generated by rooftop solar systems be paid at a rate of eight times more than it is worth will continue to needlessly drive up electricity rates, making clean energy less competitive with fossil fuels and making transportation and building electrification less attractive.

The status quo of excessive subsidies is not only unsustainable, but also unnecessary. Current laws in California ensure the continued growth of rooftop solar.

Many proposals have been submitted during this proceeding, but only a handful would effectively address current inequities. We urge the commission to **only consider proposals that will result in meaningful change to reduce or eliminate the cost-shift.**

Thank you in advance for your consideration.

Sincerely,

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¹ This figure is an average of Non-CARE Solar Only First Year Cost Shift in 2023 if NEM is not reformed: PG&E (\$1,817); SDG&E (\$2,467) and SCE (\$1,287) Source: E3: "[Cost-Effectiveness of NEM Successor Rate Proposals under Rulemaking 20-08-020 – A Comparative Analysis.](#)" May 28, 2021. Page 34

² This figure is an average of Non-CARE Solar Only Cost Shift in 2030 if NEM is not reformed: PG&E (\$2,651); SDG&E (\$3,432) and SCE (\$1,788) Source: E3: "[Cost-Effectiveness of NEM Successor Rate Proposals under Rulemaking 20-08-020 – A Comparative Analysis.](#)" May 28, 2021. Page 38



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